

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JANUARY 23, 2003**

**PRESENT:** Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Michael Goclowski, Law Warehouse

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial & Administrative Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending January 19, 2003 shows retail sales were up about 17%, on-premise sales were up almost 10%, off-premise sales were up 16%, and total aggregate sales increased by 13.3%. The traffic count also increased by 3,611, as did the average sale by \$4.06.

The W-1 Total Weekly Sales report for the past week confirms retail sales were up 13.3% or \$645,778, as they were for the year by 5.5% or \$10,800,725. Wine sales increased for the week by 20.7% or \$459,135, and also increased for the year by about 9.3% or \$8,126,867. Sales of spirits were up 7% or \$186,643, while they were also up year-to-date by 2.45% or \$2,678,495.

##### **B. Budget Reports:**

Concerning outstanding depletions and post-offs, Craig reported that all vendor and broker payments, with the exception of one invoice which was sent out late, are paid up-to-date. He asked for guidance as to whether or not the Commission wishes to levy interest charges on late payments. Chairman Byrne advised to use the process in place for this.

Work continues regarding workman's compensation. Val Hamilton will be doing an inspection of the Commission tomorrow and will issue a report as to what can be done to keep workman's compensation costs down.

Next Monday morning, the three newly promoted lieutenants from Enforcement will be receiving training in finance and IT procedures.

Work continues on an ongoing basis with Paymentech regarding the gift card program, with another conference scheduled for this afternoon at 2:30 p.m. The new price of the cards is slightly over \$.26. Paymentech will work directly with the company that holds the patent. This will include specifications and the total number of cards, which should be sent out by tomorrow.

The current W-6 Expense Budget Activity Report shows that the year is at about 56% complete, with total agency expenditures at around 55%. Both the Salaries and Benefits categories are up over last year, and it may be necessary to make some transfers within a couple of months. Overtime pay in the stores also continues to be high.

George met with the Treasurer last week to continue discussions on streamlining the banking structure, specifically, to eliminate bank accounts which are not needed. He expects that, in the next few weeks, Treasury will invite the Commission to view some financial reports. Hopefully, by June 30<sup>th</sup> credit card funds will be going right through to Treasury. George will continue to provide updates.

Joe Bouchard of Administrative Services has been provided all information regarding the financial accounting reporting package necessary to go before Governor & Council.

2. MIS Report

A switchover to the new debit/credit card program is planned for February 12<sup>th</sup> for Store #1 Concord. Stores #34 Salem, #51 Pelham and #33 Manchester will be changed the following week. If all goes well, this will be reeled out to all other stores the beginning of the second week in March. A few stores will be done every day until around the 10<sup>th</sup> of April, at which time the new cards can be distributed. Rich Racicot is in the process of installing a server for the software and hopes to have it completed by today or tomorrow. ACR can then begin testing on Monday.

Yesterday there were some problems within the ACR software which caused customers not to receive a full discount on larger purchases. There is evidence that this has occurred in several stores. The question arose as to what could be done until the problem is alleviated.

Work is being done on the gross profit report, and the design will go to John Bunnell for sign-off. Karyl Durmer is working with the Marketing department to determine what reports they would like to have available.

Mike Goclowski reported that the entire warehouse system at Law is about to be cleaned. Programs will be synchronized on a back-up server. Live testing will begin on the new web site ordering system next week. Somewhere in the next couple of weeks some of the licensee orders will be put to test. Mike hopes to have the broker ordering system in place also.

**II. MARKETING & SALES REPORTS**

1. Store Operations

A. President's Day Sale:

Chairman Byrne asked that recommendations for store openings and staffing patterns for President's Day, Monday, February 17, 2003, be tabled until after the Supervisors' Meeting next week.

Total store sales for the week ending 1/19/03 were up \$511,989.93 or 13.54%, representing a substantial increase for some stores. Some of the managers felt this was a result of customers taking advantage of the recent spirits sale.

There will be a Supervisors' Meeting next Tuesday, January 28<sup>th</sup> from 10:00 a.m. to 1:00 p.m. in the downstairs conference room.

2. Purchasing Report

John Bunnell said that Marketing has been working with several suppliers regarding out-of-stock situations.

3. Merchandising Report

A. SPIRITS:

1) Test Market Results (4 spirit items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve specialty listings for three (3) spirit products which failed to achieve their respective gross profits required for full distribution at the end of a six-month test market period, but did exceed the gross profits required for specialty status, and delist one (1) spirit item which failed to achieve the gross profit required for full distribution, and which does not qualify for specialty listing, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for April 2003 (3 items – R.P. Imports):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions of three (3) wine items, to be featured on sale during April 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Purchase of 98 Cabernet Svgn.:

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It was moved by Commissioner Maiola seconded by Commissioner Russell, that the Commission approve the purchase of additional cases of Code #37280, Bernardus 98 Cabernet and Code #34014, Hess Collection 98 Cabernet, 750ML sizes, with depletion allowances to begin in February 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Set Sale for Savings, March – May 2003:

a. Gold Sponsor – Horizon Beverage Company/Clos du Bois:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company/Clos du Bois as the gold sponsor for the Set Sale for Savings sale scheduled for March through May 2003, as follows, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: fourteen (14) Australian, New Zealand and South African wine items featured on sale during March 2003; fourteen (14) Californian wine items featured on sale during April 2003; and fourteen (14) Cabernet, Merlot and Sauvignon Blanc wine items featured on sale during May 2003. The motion was unanimously adopted.

b. Silver Sponsor – Martignetti Companies/Robert Mondavi:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H./Robert Mondavi Winery as the silver sponsor for the Set Sale for Savings sale scheduled for March through May 2003, as follows, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: sixteen (16) Australian, New Zealand and South African wine items featured on sale during March 2003; sixteen (16) Californian wine items featured on sale during April 2003; and sixteen (16) Cabernet, Merlot and Sauvignon Blanc wine items featured on sale during May 2003. The motion was unanimously adopted.

c. Bronze Sponsor – United Beverages/Franciscan Estates:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc./Franciscan Estates as the bronze sponsor for the Set Sale for Savings sale scheduled for March through May 2003, as follows, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: nineteen (19) Australian, New Zealand and South African wine items featured on sale during March 2003; nineteen (19) Californian wine items featured on sale during April 2003; and nineteen

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(19) Cabernet, Merlot and Sauvignon Blanc wine items featured on sale during May 2003. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (2 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve two (2) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions (5 items – exclusive agent; 9 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of five (5) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and nine (9) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

The results of the Celebrate the Season sale, which took place during November and December 2002, were reviewed, which showed a dramatic increase between 2001 and 2002.

**III. ENFORCEMENT & LICENSING REPORTS – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated January 17 through January 23, 2003. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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John W. Byrne, Chairman

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Anthony C. Maiola, Commissioner

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Patricia T. Russell, Commissioner

